

## **THE DEGREE OF INSTABILITY IN EXPORT OF INDIAN SILK PRODUCT**

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### **ABSTRACT**

India has the unique distinction of being the only country in the world which cultures all the five known commercial varieties of silk namely mulberry, tropical tasar, oak tasar, eri and muga. The study area pertains to the country as a whole in general. The analysis was carried out for the period from 1990-91 to 2008-09. The statistical techniques used was Instability index. The analysis of the export earnings instability for all the varieties of silk and total silk exports indicates that, the instability in export earning was mainly caused by the interaction between the change in mean quantity and mean price. This was due to increased quantum of exports as well as the high price realized by these silk products in the development period. It can also be noticed that, the price has grown faster than the quantity. Thus export earning instability in all the silk products was apparently price led. That is price has increased more rapidly than that of quantity in the development period. The variability was different from country to country such as USA (32.65 per cent), Hong Kong (53.26 per cent), UK (15.27 per cent), UAE (35.69 per cent), Italy (28.64 per cent), Germany (13.88 per cent), Spain (30.06 per cent) France (17.83 per cent) and others (27.69 per cent).

**KEYWORDS:** Commercial Silk, Export, Prices, Silk Products, Statistical Techniques

### **INTRODUCTION**

Sericulture is both an art and science of raising silkworms for silk production. Silk as a weavable fiber was first discovered by the Chinese empress Xi Ling Shi during 2,640 B.C. and its culture and weaving was a guarded secret for more than 2,500 years by the Chinese. Silk was a profitable trade commodity in China. Traders from ancient Persia (now, Iran) used to bring richly coloured and fine textured silks from Chinese merchants through hazardous routes interspersed with dangerous mountainous terrains, difficult passes, dry deserts and thick forests. Though, commodities like amber, glass, spices and tea were also traded along with silk which indeed rapidly became one of the principal elements of the Chinese economy and hence, the trade route got the name 'SILK ROUTE'. Even today, silk reigns supreme as an object of desire and fabric of high fashion. Being a rural based industry, the production and weaving of silk are largely carried out by relatively poor sections of the society and this aspect of sericulture has made it popular and sustainable in countries like China and India.

### **MATERIALS AND METHODS**

In order to evaluate the objectives of the study, The degree of instability in export of Indian silk product. The data was collected from secondary sources. The study area pertains to the country as a whole in general. The data pertaining to the various aspects under study were collected from the following secondary sources. Central Silk Board, Bangalore (Annual Reports, Technical Reports, Journals, etc.), Central Sericultural Research and Training Institute,

Mysore, Karnataka, Ministry of Textiles, DGCIS (Directorate General of Commercial Intelligence and Statistics, CSB website, [www.indiastat.com](http://www.indiastat.com). Data was subjected to analyses through the following statistical techniques i.e. Instability Analysis.

## RESULTS AND DISCUSSIONS

The unstable export earnings affect the growth of silk industry because of fluctuating income to the domestic producers which in turn causes uncertainty on investment decisions. Therefore, an attempt is made to measure the extent of instability in export earnings and the results are discussed in this section.

Instability analysis indicates that in all the varieties of silk, export earning instability was contributed largely by the interaction between the change in quantity and mean price. The increased instability in sarees export earnings was contributed by change in mean value to the extent of 77.08 per cent followed by 59.92 per cent of the change in mean quantity.

In case of scarves change in mean price and mean quantity components contributed 149.49 per cent and 80.36 per cent respectively. In case of dress materials change in mean price and change in mean quantity components contributed 88.37 per cent and 64.36 per cent, respectively.

In case of readymade garments change in mean price contributed 62.56 per cent towards export earnings instability, whereas change in mean quantity component contributed towards instability to the extent of 52.68 per cent.

In case of carpets, change in mean price and change in mean quantity contributed 34.43 per cent and 40.24 per cent respectively. In case of other silk products change in mean price and change in mean quantity contributed 48.46 per cent and 51.62 per cent respectively.

In all the silk varieties, except readymade garments the growth in export earnings was mainly caused by the interaction between the change in mean quantity and mean price. This is due to increased quantum of exports as well as the increased price realized by these silk products in the second period. Further, as the interaction component is the product of change in mean price and change in mean quantity, it can be explained that the increase in export earnings was caused by the change in mean price than the change in mean quantity barring carpets. This is because, the export prices have grown more rapidly than the export quantity in the development period.

The country-wise degree of instability in export of silk products during the period (1990-91 to 2008-09) in terms of value was presented in Table 1. Depicts the export of sarees was registered a variability of 49.04 per cent and variability in value was 77.07 during the study period (1999-2009). The export of scarves registered variability of 70.06 per cent and variability in value was 68.51 per cent. The export dress materials was registered a variability of 49.85 per cent and variability in value was 86.40. The export of readymade garment was registered a variability of 48.85 per cent a variability in value was 29.01. The export of carpets was registered a variability of 40.11 per cent and variability in value was 31.08 per cent. The export of other silk products was registered a variability of 30.10 per cent and variability in value was 18.71.

**Table 1: Degree of Instability in Indian Silk Products Export**

Products Type	Instability Index	
	Qty	Value
Sarees	49.04(59.92)	77.07(77.08)
Scarves	70.06(80.36)	68.51(149.49)
Dress Materials	49.85(64.36)	86.40(88.37)
Readymade Garments	48.85(52.68)	29.01(62.56)
Carpets	40.11(40.24)	31.08(34.43)
Others	30.10(51.62)	18.71(48.46)
<b>Total</b>	<b>24.0778541.8012</b>	<b>22.39(60.14)</b>

The variability was different from country to country such as USA (32.65per cent), Hong Kong (53.26 per cent), UK (15.27 per cent), UAE (35.69 per cent), Italy (28.64 per cent), Germany (21.11 per cent), Spain (30.06 per cent) France (1.83 per cent) and others (27.69 per cent) Table 2.

**Table 2: Country Wise Degree of Instability in Indian Silk Products**

Country Wise Silk Products Export	Instability Index
	Value
USA	32.65 (55.19)
Hong Kong	53.26 (104.46)
UK	15.27 (62.33)
UAE	35.69 (92.17)
Italy	28.64 (79.42)
Germany	13.18 (21.11)
Spain	30.06 (90.64)
France	17.83 (56.37)
Others	27.69 (87.58)

## SUMMARY AND CONCLUSIONS

The analysis of the export earnings instability for all the varieties of silk and total silk exports indicates that, the instability in export earning was mainly caused by the interaction between the change in mean quantity and mean price. This was due to increased quantum of exports as well as the high price realized by these silk products in the development period. It can also be noticed that, the price has grown faster than the quantity. Thus export earning instability in all the silk products was apparently price led. That is price has increased more rapidly than that of quantity in the development period.

The country-wise degree of instability in export of silk products during the period (1990-91 to 2008-09) in terms of value was different from country to country such as USA (32.65per cent), Hong Kong (53.26 per cent), UK (15.27 per cent), UAE (35.69 per cent), Italy (28.64 per cent), Germany (21.11 per cent), Spain (30.06 per cent) France (1.83 per cent) and others (27.69 per cent).

In all the silk varieties except readymade garments the growth in export earnings was mainly caused by

interaction between the change in mean quantity and mean price this is due to increased quantum of exports as well as increased price realized by these silk products in the second period. Further as the interaction component is the product of change in mean price and change in mean quantity, it can be explained that the increase in export earnings was caused by the change in mean price than the change in mean quantity barring carpets. This is because, the export prices have grown more rapidly than the export quantity during study period.

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